NUEXCO

EXECUTIVE SUMMARY
REPORT 216
(All data as of July 31, 1986)

Exchange Value $17.00, unchanged

The **Exchange Value** is **$17.00** per pound U_3O_8, unchanged since last month.

UF_6 Value $48.25, unchanged

The **UF_6 Value** is **$48.25** per kilogram U as UF_6, unchanged since last month.

Transactions

Seven recent natural uranium sales are reported, involving approximately 1.2 million pounds equivalent U_3O_8. All of the sales involved spot or near-term delivery, and six met the conditions for inclusion in the Transaction Value. Four of the transactions involved natural UF_6.

Supply-Demand Ratio fell to 1.4:1

Active spot and near-term **uranium supply** amounts to **3.9 million** pounds U_3O_8 equivalent, down 175 thousand pounds since last month. Active spot and near-term **uranium demand** totals **2.7 million** pounds, up 650 thousand pounds. The spot and near-term **supply-demand ratio** fell to **1.4:1.**

Transaction Value $17.50, up $0.30

The **Transaction Value** is **$17.50** per pound U_3O_8, up $0.30 since last month. The calculation includes 13 transactions involving a total of 2.5 million pounds U_3O_8 and equivalent UF_6, and covers a period of 3 months.

Loan Rate unchanged at 4%

The **Loan Rate** is **4 percent** per annum, unchanged.

Conversion Value $1.80, unchanged

The **Conversion Value** is **$1.80** per pound U as UF_6, unchanged since last month. Active secondary market supply for conversion services for delivery within three years totals 1.7 million pounds U as UF_6. Active demand totals 565 thousand pounds U as UF_6. No secondary market conversion transactions are reported.

SWU Value for delivery within one year: $78

The **SWU Value** at .3 tails and for delivery within one year is **$78** per SWU, unchanged since last month. No secondary market SWU transactions are reported.

* * *

Analysis and Commentary

The Department of Energy issued its proposed criteria governing uranium enrichment, and the criteria must pass a 45-day review period in Congress in order to be adopted. Two controversial sections of the proposed criteria pertain to limitations on enrichment of foreign-origin uranium and the government's recovery of costs, topics which are certain to prompt extensive debate while before various Congressional committees.

Analysis and Commentary

The nuclear industry in the Federal Republic of Germany may be the Western program most susceptible to anti-nuclear sentiment following the Chernobyl accident in the USSR. After years of gradually increasing acceptance, nuclear energy has resurfaced as one of the more volatile issues in German politics.

Update

During the first half of 1986, five nuclear units in the USA began commercial operation. Six other units have received full-power operating licenses, several of which may enter commercial service before the end of this year. In general, licensing progress in the USA is moving at about the same pace as in 1985, when eight units began commercial operation.

Australia

The biennial National Labor Party Conference held in early July failed to produce any significant changes in Australia's strict uranium policy. In addition, the government ban on uranium sales to France remains in effect pending resolution of the dispute over France's nuclear weapons testing in the South Pacific.

South Africa

Second-quarter production from Chamber of Mines' producers totaled approximately 2.9 million pounds U_3O_8, a three-percent decline from the previous quarter. Although the South African economy showed signs of strengthening in the first few months of 1986, that trend appears to have been reversed by international reactions to the state of emergency that was recently reimposed.

Raw Materials

The Rabbit Lake project in northen Saskatchewan represents a major part of current and future uranium production in Canada. The deposits that make up the project include the Rabbit Lake, Collins Bay and Eagle Point deposits, which are owned wholly or in part by Eldorado Resources Ltd.

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NUEXCO REPORT 216 FIGURES OF THE MONTH (July 31, 1986)	This Month (Report 216)	Last Month (Report 215)	12 Months Ago (Report 204)
Exchange Value[1]	17.00	17.00	15.75
Transaction Value[1]	17.50	17.20	14.75
UF_6 Value[2]	48.25	48.25	44.00
Loan Rate[3]	4%	4%	5%
Conversion Value[4]	1.80	1.80	1.60
Near-Term Uranium Supply[5]	3.9	4.1	3.0
Near-Term Uranium Demand[6]	2.7	2.1	0.5
Near-Term Supply-Demand Ratio	1.4	2.0	6.7
Recent Uranium Sales:			
Number of Transactions[7]	7	4	8
Quantity of Material[8]	1.2	0.6	1.8
Nuexco SWU Value:[9]			
at 0.3 tails assay and delivery within one year	78	78	—
USDOE SWU Prices:			
USEC	125.00[10]	125.00[10]	135.00
AFC	153.00[11]	153.00[11]	153.00[11]
Requirements	157.00[11]	157.00[11]	157.00[11]
Market Value of Enriched UF_6[12,13]:			
2.5 w/o U_{235}	457	457	455
3.0 w/o U_{235}	585	585	585
3.5 w/o U_{235}	715	715	717
4.0 w/o U_{235}	847	847	851

[1]US $ per pound U_3O_8 equivalent.
[2]US $ per kilogram U as UF_6.
[3]Per annum.
[4]US $ per pound U as UF_6.
[5]Active inquiries to sell, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[6]Active inquiries to purchase, for delivery within 12 months after contract signing (millions of pounds U_3O_8).
[7]Uranium sales only; does not include loans, conversion, or SWU transactions.
[8]Millions of pounds U_3O_8, equivalent.
[9]US $ per SWU.
[10]Effective 10/1/85.
[11]Effective 10/1/84.
[12]Calculated using the Nuexco Exchange Value, Conversion Value, and 0.30 percent tails assay. From 4/30/85 to 11/30/85, calculations used in the Nuexco SWU Value for DOE origin and delivery by the end of FY86. As of 12/31/85, calculations use the SWU Value for delivery within one year.
[13]US $ per KgU as UF_6, rounded to the nearest $.

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